

Agricultural; farmers' wives promoting farming. A nonprofit organization of farmers' wives formed to improve the agricultural way of life in a particular State qualifies for exemption under section 501(c)(5) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(5) of the Internal Revenue Code of 1954.

The organization, the membership of which is composed of wives of farmers, was formed to advance the farming interests of the members' husbands and to insure the survival of agriculture as a way of life in a particular state. Its activities consist of recommending legislation favorable to persons engaged in agriculture, conducting programs to inform the public about problems facing farmers, and participating in and supporting activities designed to obtain higher prices for farm products such as urging local farmers not to sell their products to processors at prevailing prices.

The organization is in no sense a social club, all of its endeavors being directed to the furthering of the business objectives of the members and their husbands. No part of its net earnings inures to the benefit of any private individual.

Section 501(c)(5) of the Code provides for the exemption from Federal income tax of agricultural organizations.

Section 1.501(c)(5)-1 of the Income Tax Regulations provides that agricultural organizations contemplated by section 501(c)(5) of the Code are those which have no net earnings inuring to the benefit of any member, and have as their objectives the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

In this case the organization's members have a mutual interest in promoting the occupation of their husbands who are engaged in agriculture and thus for purposes of section 501(c)(5) of the Code the organization's members are considered as being engaged in agriculture. The organization's activities are directed toward enhancing and improving this occupation as a way of life. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(5).

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1024, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(5) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located

the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.